APPENDIX

INTERNAL REVENUE CODE:

SEC. 811. GROSS ESTATE.

The value of the gross estate of the decedent shall be determined by including the value at the time of his death of all property, real or personal, tangible or intangible, wherever situated, except real property situated outside of the United States—

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(g) [as amended by Section 404 (a) of the Revenue Act of 1942, c. 619, 56 Stat. 798] *Proceeds of Life Insurance.*—

(1) *Receivable by the executor.*—To the extent of the amount receivable by the executor as insurance under policies upon the life of the decedent.

(2) *Receivable by other beneficiaries.*—To the extent of the amount receivable by all other beneficiaries as insurance under policies upon the life of the decedent (A) purchased with premiums, or other consideration, paid directly or indirectly by the decedent, in proportion that the amount so paid by the decedent bears to the total premiums paid for the insurance, or (B) with respect to which the decedent possessed at his death any of the incidents of ownership, exercisable either alone or in conjunction with any other person. * * *

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(26 U. S. C. 1946 ed., Sec. 811.)

REVENUE ACT OF 1942, c. 619, 56 Stat. 798:

SEC. 404. PROCEEDS OF LIFE INSURANCE.

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(c) *Decedents to Which Amendments Applicable.* — The amendments * * * shall be applicable only to estates of decedents dying after the date of the enactment of this Act; but in determining the proportion of the premiums or other consideration paid directly or indirectly by the decedent (but not the total premiums paid) the amount so paid by the decedent on or before January 10, 1941, shall be excluded if at no time after such date the decedent possessed an incident of ownership in the policy.

TREASURY REGULATIONS 105, promulgated under the Internal Revenue Code:

SEC. 81.25 [as amended by T. D. 5239, 1943 Cum. Bull. 1081]. *Life Insurance*— Section 811 (g) provides for the inclusion in the gross estate of insurance on the decedent's life (a) receivable by or for the benefit of the estate (for which see section 81.26), and (b) receivable by other beneficiaries (for which see section 81.27).

The term "insurance" refers to life insurance of every description, including death benefits paid by fraternal beneficial societies operating under the lodge system.

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SEC. 81.27 [as amended by T. D. 5239, 1943 Cum. Bull. 1081]. *Insurance Receivable by Other Beneficiaries.*—(a) *In case of decedent dying after October 21, 1942.*— The regulations prescribed under this sub-

section (except as otherwise indicated herein or in subsection (b) of this section) are applicable only in the case of decedents who died after October 21, 1942, the date of the enactment of the Revenue Act of 1942. In such cases, the amount of the aggregate proceeds of all insurance on the life of the decedent not receivable by or for the benefit of his estate must also be included in his gross estate, as follows:

(1) Such insurance (not includible under (2) of this subsection) purchased with premiums, or other consideration, paid directly or indirectly by the decedent, in the proportion that the amount so paid by the decedent bears to the total premiums paid for the insurance, and

(2) Such insurance with respect to which the decedent possessed at his death any of the incidents of ownership, exercisable either alone or in conjunction with any person.

* * * * *

The amount receivable under a policy of insurance transferred, by assignment or otherwise, by the decedent shall be includible under (1) of this subsection if the transfer constituted a gift to any extent under Chapter 4 of the Internal Revenue Code, or, in case the transfer was made at a time when such chapter was not in effect, would have constituted a gift to any extent under such chapter had it been in effect at such time. * * *

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